

Office of the Comptroller Fraud Hotline Report August 2004 to August 2005

Background

This is a report of the first year of operation of the City of Milwaukee Fraud, Waste and Abuse Hotline, from August 17, 2004 through August 16, 2005.

On June 15, 2004, the Common Council passed Resolution 040063, authorizing and directing the Comptroller to establish an Internet accessible web page on the City's web site to report fraud, waste, or abuse in City government. The web page was developed with the assistance of the Information and Technology Management Division in the Department of Administration. On August 17, 2004 the Hotline web page was available for public use. On December 15, 2004 a Hotline telephone number was also added. Citizens can now report fraud waste and abuse using the web page, email, postal mail, telephone, fax, or in-person.

The Hotline Process

Hotline Web Page

The City web site at www.milwaukee.gov provides a link to the Hotline web page labeled "Report Fraud, Waste and Abuse of City Resources". The department web page for the Office of the Comptroller also contains this link. When a person enters and submits information through the Hotline web page, the information is converted to an email message and sent to an email account. Access to the Hotline email account is restricted to three auditors in the Office of the Comptroller, two Lead Auditors and the Audit Division Manager. These emails indicate that they are sent from an anonymous sender unless the sender voluntarily provides an email address on the web page form. Parties submitting information to the Hotline web page cannot be identified unless they choose to provide contact information.

Direct Email

The public can bypass the Hotline web page and send messages directly to the Hotline email account at hotline@milwaukee.gov. The sender's email address is automatically included on these direct emails, so this type of contact is not anonymous.

Postal Mail

Letters on Hotline issues can be sent anonymously or with contact information to the address below.

Office of the Comptroller
Attention: Audit Hotline
200 E. Wells Street, Room 404
Milwaukee, WI 53202

Phone and Fax

The public can contact Hotline staff by phone at (414) 286-3440 or send a fax to the Hotline at (414) 286-3281. Hotline staff can often obtain more complete information through interactive phone contacts. A caller wanting to remain anonymous is given a Hotline case number so they can call again to learn how the matter was handled. A fax lists the sender's fax number and therefore may not be anonymous.

In-Person

Hotline matters can be discussed in-person by visiting the Office of the Comptroller during business hours. Hotline staff will meet with the party to discuss the matter, or schedule an appointment to do so at a later time, as schedules permit.

All Hotline contacts have been in English, but if any are received in another language the Office of the Comptroller will strive to obtain translation or interpreter services.

Hotline Follow-up

Each Hotline contact is given a unique case number and a form is completed for each case indicating its disposition. An initial assessment is done to determine whether the case has merit and how it should be handled. Hotline cases are referred to appropriate parties for follow-up action.

- Referrals to City departments: Complaints about City employee conduct, such as excessive break time or misuse of City equipment are referred to City departments. Sometimes the Hotline receives routine service requests for sanitation pick-ups or infrastructure repairs, which are also referred to the appropriate department. Responses are received from departments indicating actions taken on the Hotline referrals.

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- Referrals to non-City agencies: Sometimes complaints are received that do not pertain to City government. For example, a complaint about Food-Stamp Program abuse would be referred to the U.S. Department of Agriculture.
- Referrals to law enforcement agencies: Complaints about illegal drug activity or identity theft would be referred to the Milwaukee Police Department.
- Referrals to Internal Audit: Hotline cases are referred to audit staff in the Office of the Comptroller for additional investigation or formal audit.

Parties providing contact information are notified about the disposition of their Hotline cases.

First Year Hotline Activity

Hotline staff received 118 contacts from August 17, 2004 through August 16, 2005 (See Attachment 1). Of these, 82 percent or 97 contacts have been closed. The remaining 18 percent or 21 contacts are awaiting departmental responses or are under-investigation.

Method of Contact

Hotline staff received 77 percent or 91 of the 118 contacts through web page generated email or direct email. In addition, 20 percent or 23 Hotline contacts were by Postal mail or phone. The remaining 3 percent or 4 contacts were from in-person walk-ins. There were no contacts via fax during the first year.

Source of Contact

Citizen complaints generated the most Hotline activity, accounting for 46 percent or 54 of the 118 contacts. The source of the complaint could not be determined for 24 percent or 29 contacts. City employees generated 24 percent or 28 Hotline contacts. Of the remaining 6 percent of contacts, Milwaukee County Hotline staff referred 5 contacts and 2 contacts were from vendors.

In this first year of operation, 60 percent or 71 Hotline contacts were made anonymously or by identified parties requesting confidentiality.

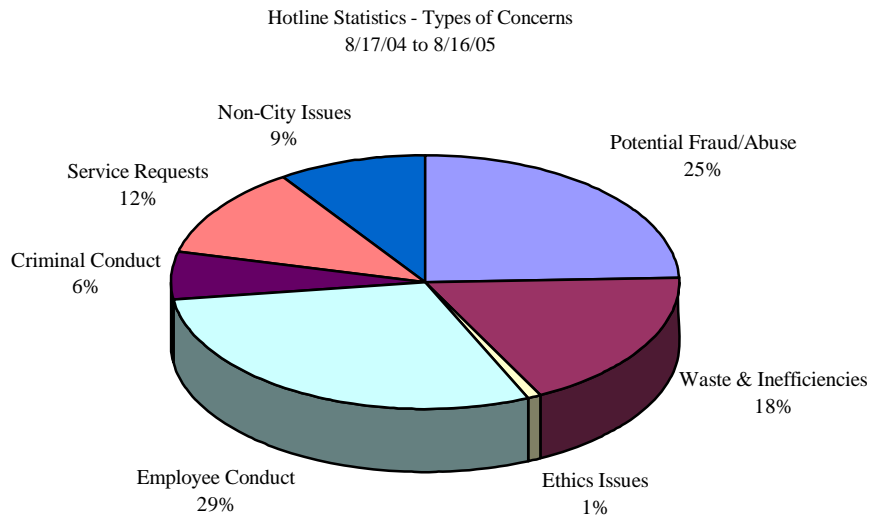
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Type of Contact

All Hotline contacts are categorized as one of the following seven types:

1. Potential Fraud/Abuse
2. Inefficiencies
3. Ethics Issues
4. Employee Conduct
5. Criminal Conduct
6. Service Requests
7. Non-City Issues

The pie chart below shows that the largest portion of complaints involved City employee conduct, accounting for 29 percent or 35 of the 118 contacts. Hotline contacts about City employee conduct included complaints about excessive employee parking on the streets around City Hall, unsafe driving, and misuse of City computers and telephones. The next largest category involved potential fraud and abuse with 25 percent or 29 contacts. These complaints included potential residency violations, parking ticket fixing, procurement abuse, and grant fund abuse. Contacts related to waste and inefficiency make up the third largest category with 18 percent or 21 contacts. Most of these issues were referred to various departments for disposition as managerial issues. Contacts that were requests for City services or that involved other levels of government accounted for 12% (14 contacts) and 9% (11 contacts), respectively. Finally, complaints related to criminal conduct and ethics issues made-up the remaining 7 percent or 8 contacts.



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Of the above seven complaint categories, the first five require at least some review and follow-up by audit Hotline staff. The remaining two categories for service requests and non-city issues result in referrals to City departments or other government agencies without audit staff involvement. Audit Hotline staff followed-up on 79 percent or 93 of the 118 contacts, and the remaining 21 percent or 25 contacts were referred to city departments or other government agencies.

Actions Taken

Departmental contacts – 80 Closed out by year's end 68 the remainder (12) are awaiting the results of the departmental investigation. Departments will review allegation, investigate the issue, where the issues has been proven actions were taken to eliminate to mitigate the problem. Results of the department's actions are communicated to the Hotline. Since this is the first year of operation, there is little information on the trends of how the departments have responded with managerial changes to monitor issues reported. Such trends could lead to further follow-up.

Departmental responses to issues referred to them fell within a range of dispositions. Issues of employee conduct were all reviewed for credibility. Those that were credible, the departments counseled employees at a minimum and gave disciplinary warning to cease and desist for the most egregious offences. Seven issues were without merit. In most cases, the department counseled employees about City policies. However, in at least 6 instances, disciplinary warnings were given.

Abuse issues referred to departments required further investigation. As example the Hotline received 5 contacts regarding abuse of the City's Rent Assistance Program. These issues went to the operative department, in this case HACM, who investigated the issue. The results were 1 person being disciplined, one receiving a disciplinary warning and three issues being found without merit. In several other instances employees were counseled about the private use of City vehicles.

Waste of Resources issues were reviewed and investigated where necessary. The results were communicated to the Hotline. If employee actions were involved, departments counseled employees, warned of disciplinary action and informed employees that the situation would be monitored. Examples of these contacts included employees taking too long lunch breaks; and the mis-use of City equipment, types of copier paper used, and computers and telephones being used for personal purposes.

Departments review the efficiency issues and made appropriate changes where the issues was found to be valid. Some of these issues have resulted in departments claiming better control and monitoring over recycle bins at City sites, and increased parking enforcement in the downtown area. However, most of these contacts did not have enough information to proceed or lacked merit.

Service requests were immediately referred to departments to investigate the issue, where the issues has been proven valid, actions were taken to eliminate to mitigate the problem.

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Results of the department's actions were communicated to the Hotline. Most issues were found with merit and were resolved on a timely basis. Results included removal of brush growth on lots and over sidewalks, property inspections for unhealthful items, and help with the reporting of toxic waste dumping.

Other actions included referrals to internal audit, the MPD, FBI, USDA and the County of Milwaukee. In most cases the department or agency involved responded whether or not an investigation was taking place, and sometimes the results of the investigation.

Several contacts were referred to internal audit for inclusion into current audits (i.e. procurement of services). One referral to internal audit has been investigated and an audit report will soon be issued. Recommendations from the audit should increase City monitoring and communications between departments.

Contacts were referred for criminal investigation in a few cases. These contacts were referred to either the MPD, FBI or SUDA. One was a case of an alleged drug operation, which according to MPD lacked enough information to make an investigation. The other, was an alleged kick back scheme within a City department, it was investigated found to be without merit. Two incidents of identification theft were referred to the FBI, and the USDA was notified about a potential Food Stamp abuse.

There were several incidences reported about the conduct of County employees or misuse of County equipment. These contacts were referred to the County's hotline. Results from the County's Hotline indicated that one issue was without merit and the remaining referrals went to the County department involved and resolved.

The remaining 15 percent of contacts warranted no further action after initial review, or having been investigated and found to have no merit.

Conclusion

The Hotline has proven to be a benefit by providing citizens with the means to report fraud, waste and abuse in City government and by establishing a process to follow-up on these contacts.

Despite these obvious benefits, it is difficult to determine the fiscal impact of operating the Hotline. In most instances actions are taken to prevent similar occurrences in the future. In addition, certain responses, such as those related to residency, are reported for compliance purposes, where a determinate fiscal impact is not know. However, other

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complaints could potentially lead to cost reductions or recovery. Any such savings will be included in future report of the Hotline when they occur.

Ref: 2005HotlineReport

Hotline Statistics
August 17, 2004 through August 16, 2005

Attachment 1

Number of Contacts	1st. Quarter	2nd. Quarter	3rd. Quarter	4th. Quarter	Total
Email	33	20	16	22	91
Mail	10	0	1	2	13
Phone	5	1	3	1	10
In Person	3	1	0	0	4
Fax	0	0	0	0	0
Total	51	22	20	25	118

Type of Contacts					
Employee	12	6	6	4	28
Vendor	1	0	0	1	2
Citizen	20	12	10	12	54
Unknown	16	1	4	8	29
City Departments	0	0	0	0	0
Other Agencies	2	3	0	0	5
Total	51	22	20	25	118

Requested Confidentiality	28	8	11	24	71
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Type of Concerns					
Potential Fraud/Abuse	16	8	4	1	29
Waste & Inefficiencies	11	0	6	4	21
Ethics Issues	1	0	0	0	1
Employee Conduct	9	8	7	11	35
Criminal Conduct	2	2	0	3	7
Subtotal	39	18	17	19	93
Service Requests	4	2	3	5	14
Non-City Issues	8	2	0	1	11
Total	51	22	20	25	118

Actions Taken					
Departmental Referrals	26	17	14	23	80
Internal Audit - Follow-up	4	0	2	0	6
Criminal Referrals	2	1	1	1	5
Non-City Referral	6	2	1	0	9
Investigated No Further Action	6	0	0	0	6
No Action	7	2	2	1	12
Total	51	22	20	25	118

Contacts					
Beginning Opened Contacts	0	22	16	31	N/A
New Contacts	51	22	20	25	118
Closed Contacts	29	28	5	35	97
Ending Open Contacts	22	16	31	21	21

Audit Hotline - Statistics

Actions Taken and Types of Concerns by Department

August 17, 2004 through August 16, 2005

Department	Total	City	C. Att.	Comp	DOA	DPW	DCD	DNS	Health	Library	MPD	MFD	CDBG	Election	CC	ERS	Treasurer	HACM	Non-City
Actions Taken																			
Dept. Ref.	80		2		2	2	40	1	4	2	3	5	5	1	4	1	1	1	6
I.A. Follow-up	6						5							1					
Criminal Ref.	5						1					4							
Non-City	9																		9
Inv. NFA	6	2	1									1				1			1
No Action	12	2			1		2	2			1		1			2			1
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	7	10
Type of Concern																			
Potential F & A	29	2					9	2	3					2	2	2			7
Waste & Ineff.	21	2					16	1			1	1							
Ethics	1															1			
Emp Cond.	35	1	1	2			13				3	3	7		2	1	1	1	
Criminal Cond	7						1			1		5							
Service Req.	14	1			1	2	8		1	1									
Non-City	11						1												10
Total	118	6	1	3	2	48	3	4	2	4	9	7	2	4	4	1	1	7	10